## **BEFORE**

## THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

## DOCKET NO. 2005-54-C - ORDER NO. 2005-341

JUNE 20, 2005

IN RE:	Joint Application of KMC Telecom Holdings,	)	ORDER
	Inc., KMC Telecom LLC, KMC Telecom II	)	APPROVING
	LLC, KMC Telecom III, LLC and TelCove,	)	TRANSFER
	Inc., TelCove of South Carolina, Inc. for	)	
	Approval of a Transfer of Assets and	)	
	Customer Base.	)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of TelCove, Inc. (Buyer), TelCove of South Carolina, Inc. (TelCove South Carolina) KMC Telecom Holdings, Inc. (KMC Holdings), KMC Telecom LLC (KMC) and KMC Telecom III LLC (KMC II), KMC Telecom III LLC (KMC III) (collectively, with KMC and KMC II, the "KMC Operating Companies" and together with Buyer and TelCove South Carolina, the "Applicants"), for approval to complete a transaction whereby the Buyer will acquire certain assets, including certain customer accounts, from the KMC Operating Companies. According to the Applicants, TelCove South Carolina is already authorized to provide telecommunications services in South Carolina. Accordingly, the transaction is a transfer of assets/customers from one authorized carrier to another. The Application states that the transaction will not change the rates, terms or conditions of the services being received by customers, thus the proposed transaction will be entirely transparent to customers of KMC III in terms of the services that those customers receive; the only difference will be the name of the

customers' service provider. The Application is filed pursuant to S.C. Code Ann. Section 58-9-310 (Supp. 2004).

Further, the Applicants have filed a Motion for Expedited Review, with a Supplement, together with verified testimony. Because of the reasoning stated below, we grant the Motion and approve the Application as filed, pursuant to the filed materials.

According to the Application, the proposed transaction is part of KMC Holdings on-going efforts to focus its resources on providing traditional and IP wholesale telecommunications and enhanced services to carriers and large enterprises over a newly deployed softswitch and IP/MPLS network. Further, under this transaction, Buyer will acquire a portion of the 5ESS switches and related assets and network operations of the KMC Operating Companies in Charleston, Columbia, and Spartanburg, South Carolina. In connection with that transaction, Buyer will be responsible for providing service to the KMC III customer base transferred as a result of the transaction. In order to effectuate the proposed transaction, an Asset Purchase Agreement has been signed.

Subsequent to a Notice of Filing being published in newspapers of general circulation at the instruction of the Commission's Docketing Department, and no Petitions to Intervene or Protests having been filed, the Applicants filed a Motion for Expedited Review. The Applicants state that, given that the contemplated transfer of assets will be transparent to South Carolina customers, that no intervenors have appeared, and that the rapid completion of the transaction is a critical factor to the Applicants, the Applicants request that this Commission waive a formal hearing on this matter and grant the requested authority to permit the Applicants to consummate the proposed transaction no later than June 30, 2005. In support of their Application and Motion to Expedite, the

Applicants have filed the verified testimony of James E. Means, Deputy General Counsel

for TelCove, Inc. and of Marva Brown Johnson, Vice-President and Senior Counsel for

KMC Telecom Holdings, Inc. These two witnesses have verified what is in the

Application and Motion. In addition, the Applicants have also filed a copy of the

slamming certification that will be filed with the Federal Communications Commission.

We have examined the full record in this case, including the Application, the

Motion for Expedited Review, the verified testimony of the two witnesses, and other

materials, and we conclude that the relief sought should be granted as filed. It appears

that the transaction will be transparent to the members of the customer base affected, and

that the transfer of the customer base is between two carriers in possession of Certificates

of Public Convenience and Necessity obtained from this Commission. Accordingly, we

grant the Motion and approve the Application as filed without a full hearing.

This Order shall remain in full force and effect until further Order of the

Commission.

BY ORDER OF THE COMMISSION:

	/s/
	Randy Mitchell, Chairman
ATTEST:	
/s/	
G. O'Neal Hamilton, Vice-Chairman	
(SEAL)	